

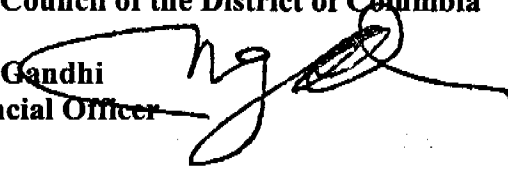
**Government of the District of Columbia  
Office of the Chief Financial Officer**



Natwar M. Gandhi  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUL -6 2007

**SUBJECT:** Fiscal Impact Statement: "Compensation Settlement Between the Board of Education of the District of Columbia and the Council of School Officers Local #4 American Federation of School Administrators, AFL-CIO Approval Resolution of 2007"

**REFERENCE:** Draft Resolution to be Introduced – Number Not Available

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**Conclusion**

Funds are sufficient in the FY 2007 and the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed approval resolution. The fiscal effect, estimated to be \$30.99 million over five years, will be funded from existing resources found in the District of Columbia Public Schools (DCPS).

**Background**

The proposed resolution would approve a settlement agreement recommended by the DCPS School Board that re-opened the agreement currently in effect. The proposed contract modifications impact FY 2006 and FY 2007.

The compensation increases would affect 693 employees with an aggregate salary of approximately \$53 million through a collective bargaining agreement. Terms of the proposed agreement include:

- Effective October 1, 2005, a 4 percent increase to base wages;<sup>1</sup>
- Effective October 1, 2006, a 6 percent increase to base wages;

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<sup>1</sup> The increase is retroactive to December 25, 2005.

- In addition to existing benefits there is added optical and dental; and
- Effective October 1, 2006, Principals and Assistance Principals salary schedule expands from 6 steps to 9 steps, inclusive of 3 longevity steps.

### Financial Plan Impact

Funds are sufficient in the FY 2007 budget and the FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. Funds are available for retroactive provisions of the collective bargaining agreement. No additional resource will be required.

The gross costs of implementing the agreement in FY 2007 are approximately \$9.09 million representing the fiscal effects of provisions of the agreement impacting both FY 2006 and 2007. The local portion of this amount is approximately \$7.46 million. The table in Figure 1 presents the personnel services costs<sup>2</sup> associated with implementing the provisions of the proposed agreement.

*Figure 1*

Estimated Expenditure Impact to the Financial Plan					
(\$ in millions)					
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	5 - Year Total
\$7.46	\$5.64	\$5.80	\$5.96	\$6.13	\$30.99

<sup>2</sup> Figures include salary and benefits.